

**REPORT OF THE AUDIT OF THE
SPENCER COUNTY
CLERK**

**For The Year Ended
December 31, 2001**



**EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
www.kyauditor.net**

**144 CAPITOL ANNEX
FRANKFORT, KY 40601
TELEPHONE (502) 564-5841
FACSIMILE (502) 564-2912**



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor
Gordon C. Duke, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable David Jenkins, Spencer County Judge/Executive
Honorable Robin G. Waldrige, Spencer County Clerk
Members of the Spencer County Fiscal Court

The enclosed report prepared by Stephens & Lawson, PSC, Certified Public Accountants, presents the statement of receipts, disbursements, and excess fees of the County Clerk of Spencer County, Kentucky, for the year ended December 31, 2001.

We engaged Stephens & Lawson, PSC, to perform the financial audit of this statement. We worked closely with the firm during our report review process; Stephens & Lawson, PSC, evaluated the Spencer County Clerk's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Enclosure



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
SPENCER COUNTY CLERK**

Calendar Year 2001

EXECUTIVE SUMMARY

SPENCER COUNTY ROBIN G. WALDRIDGE, COUNTY CLERK CALENDAR YEAR 2001 FEE AUDIT

The Spencer County Clerk's 2001 fee audit was contracted to Stephens & Lawson, PSC through a request for proposal (RFP). We have issued an unqualified opinion on the financial statement taken as a whole. Based upon the audit work performed, the financial statement is presented fairly in all material respects.

Financial Condition:

Excess fees decreased by \$9,243 from the prior calendar year, resulting in a cash surplus of \$33,577 as of December 31, 2001. Revenues increased by \$408,285 from the prior year and disbursements increased by \$417,528.

Deposits:

The Clerk's deposits were insured and collateralized by bank securities or bonds.

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Independent Auditors' Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the County Clerk of Spencer County, Kentucky, for the year ended December 31, 2001. This financial statement is the responsibility of the County Clerk. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Clerk's office prepares the financial statement on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the County Clerk for the year ended December 31, 2001, in conformity with the basis of accounting described above.

In accordance with Government Auditing Standards, we have also issued our report dated September 27, 2002, on our consideration of the County Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Respectfully Submitted,

Stephens & Lawson, P.S.C.

Audit fieldwork completed -
September 27, 2002

SPENCER COUNTY
ROBIN G. WALDRIDGE, COUNTY CLERK
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

Calendar Year 2001

RECEIPTS

State Fees For Services		\$	8,431
Fiscal Court			1,510
Licenses and Taxes:			
Motor Vehicle -			
Licenses and Transfers	\$	308,608	
Usage Tax		894,014	
Tangible Personal Property Tax		928,142	
Licenses -			
Fish and Game		5,233	
Marriage		2,622	
Occupational		53,500	
Deed Transfer Tax		58,555	
Delinquent Tax		<u>122,097</u>	2,372,771
Fees Collected For Services:			
Recordings -			
Deeds, Easements, and Contracts	\$	14,856	
Real Estate Mortgages		53,603	
Chattel Mortgages and Financing Statements		40,006	
Releases		14,755	
Powers of Attorney		1,282	
All Other Recordings		6,918	
Charges for Other Services -			
Candidate Filing Fees		900	
Postage		580	
Copywork		<u>4,840</u>	137,740
Other:			
Lien Release Fees	\$	2,134	
Refunds and Overpayments		8,475	
Returned Checks		<u>4,295</u>	14,904
Interest Earned			<u>3,485</u>
TOTAL RECEIPTS (CARRIED FORWARD)		\$	2,538,841

The accompanying notes are an integral part of the financial statement.

SPENCER COUNTY**ROBIN G. WALDRIDGE, COUNTY CLERK****STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES**

Calendar Year 2001

(Continued)

DISBURSEMENTS

Payments to State:

Motor Vehicle -

Licenses and Transfers	\$	228,562
Usage Tax		878,798
Tangible Personal Property Tax		372,664

Licenses -

Fish and Game		4,796
Delinquent Tax		14,288
Legal Process Tax		15,690
Candidate Filing Fees		540
	\$	1,515,338

Payments to Fiscal Court:

Tangible Personal Property Tax	\$	76,717
Delinquent Tax		10,654
Deed Transfer Tax		55,627
Occupational Licenses		50,753
		193,751

Payments to Other Districts:

Tangible Personal Property Tax	\$	440,751
Delinquent Tax		48,871
		489,622

Payments to Sheriff

3,858

Payments to County Attorney

18,034

Operating Disbursements and Capital Outlay:

Personnel Services -

Deputies' Salaries	\$	112,640
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Employee Benefits -

Employer's Paid Health Insurance		4,117
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Contracted Services -

Microfilming and Indexing Records		41,015
Tax Bill Preparation		1,852

Materials and Supplies -

Office Supplies		19,932
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Other Charges -

Bank Charges		95
Dues		785
Office Repairs and Maintenance		3,977
Miscellaneous Election Expenses		2,141
Other Expenses		1,813
Postage		5,100
Returned Checks		8,475
Refunds - Fee Overpayments		4,582

The accompanying notes are an integral part of the financial statement.

ROBIN G. WALDRIDGE, COUNTY CLERK
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
 Calendar Year 2001
 (Continued)

DISBURSEMENTS (Continued)

Capital Outlay -			
Office Equipment	\$	15,604	\$ 222,128
Total Disbursements			\$ 2,442,731
Net Receipts			\$ 96,110
Less: Statutory Maximum	\$	56,094	
Training Incentive		2,839	\$ 58,933
Excess Fees			\$ 37,177
Less: Expense Allowance			3,600
Excess Fees Due County for Calendar Year 2001			\$ 33,577
Payment to County Treasurer - January 31, 2002	\$	33,469	
March 7, 2002		108	33,577
BALANCE DUE AT COMPLETION OF AUDIT			\$ -

SPENCER COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 2001

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, certain receipts and certain expenditures are recognized as a result of accrual at December 31, 2001.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Clerk's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

NOTE 2 – EMPLOYEE RETIREMENT SYSTEM

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.17 percent for the first six months and 6.41 percent for the last six months of the calendar year.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

SPENCER COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 2001
(Continued)

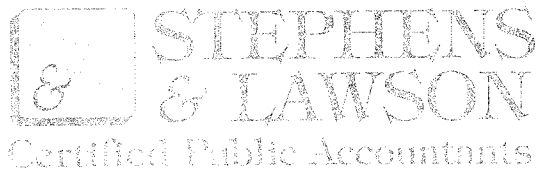
NOTE 2 - EMPLOYEE RETIREMENT SYSTEM (Continued)

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

NOTE 3 - DEPOSITS

The County Clerk maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the County Clerk and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of December 31, 2001, the County Clerk's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the County Clerk's agent in the County Clerk's name, or provided surety bond which named the County Clerk as beneficiary/obligee on the bond.

**REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING BASED ON AN
AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**



To the People of Kentucky

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Report on Compliance and on Internal Control Over Financial Reporting Based on an
Audit of the Financial Statement Performed in Accordance With Government Auditing Standards

We have audited the Spencer County Clerk as of December 31, 2001, and have issued our report thereon dated September 27, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Spencer County Clerk's financial statement as of December 31, 2001, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Spencer County Clerk's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectfully Submitted,

Stephens & Lawson, P.S.C.

Audit fieldwork completed -
September 27, 2002